

PARTNERSHIP FOR GROWTH
EL SALVADOR – UNITED STATES
Six Month Scorecard
May 2014 – November 2014



December 2014

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Overview

Constraint 1: Crime and Insecurity	Score November 2014
1. Strengthen Justice Sector Institutions	On Track
2. Improve Criminal Justice Procedures	On Track
3. Reduce Impact of Crime on Businesses	On Track
4. Reduce Impact of Crime on Commuters/Public Transportation	On Track
5. Remove Assets from Criminal Organizations	Behind Schedule
6. Strengthen El Salvador's Civil Service	Behind Schedule
7. Promote a National Dialogue to Improve Security	On Track
8. Assist At-Risk Youth Through Economic Opportunities	On Track
9. Strengthen the PNC	On Track
10. Improve Education Opportunities for Youth in High-Risk Municipalities	On Track
11. Prevent Crime & Violence in Key Municipalities and Support Reforms	On Track
12. Reduce Overcrowding in Prisons	Behind Schedule
13. Enhance the Security of the Prisons	Behind Schedule
14. Promote use of Extradition to Combat Crime	On Track
Constraint 2: Low Productivity in the Tradables Sector	
1. Establishment of a Growth Council	On Track
2. Reduce Firms' Cost to Improve Their Competitiveness	Behind Schedule
3. Strengthen Labor Force to Match Labor Market Demand	On Track
4. Raise (Net) Tax Revenue by 2015	On Track
5. Support a Strategy for Attracting & Promoting Foreign Direct Investment	On Track
6. Surmount Low Productivity in Tradables	On Track

Score			
Behind Schedule	On Track	Ahead of schedule	Completed

Constraint 1: Crime and Insecurity

<p>Goal 1-2: Professionalize and improve the effectiveness of justice sector institutions (procedures and practices) to increase their ability to combat crime and insecurity in El Salvador, as well as enhance the public perception of these government institutions.</p>	<p>On Track</p>
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Goal 1 – Both governments continued efforts to qualify justice sector personnel to contribute to a more effective and transparent justice system. Two training courses on skills needed for effective leadership, including communication, team building, and decision making, were conducted at a private university (Escuela Superior de Economía y Negocios or ESEN). The training benefitted 35 police commissioners, 15 prosecutors, and 24 PNC administrative personnel including managers. A regional training school for prosecutors was established in Santa Ana. Training modules were also developed for the school on: criminal procedures; developing effective legal arguments; existing laws protecting women and children; gender-based violence; and, legal argumentation. The USG and the Attorney General jointly trained 76 prosecutors on case theory and rules of evidence. With USG support, the Supreme Court Office of Access to Public Information implemented a series of community outreach workshops in six municipalities benefitting 196 citizens who received training in transparency best practices, access to justice, and the Access to Information Law. Justice sector officials were also trained on transparency best practices, access to public information laws, and anti-corruption measures. With USG support, the Judicial Council completed a manual to more effectively evaluate the performance of judges. The manual expands beyond previous evaluation criteria like file organization to incorporate new and more qualitative tools for measuring performance including: legal reasoning used, percentage of judgments appealed, and results of appeals. The USG also supported the Judicial Training School to conduct an analysis which served as a basis to draft a new organizational manual. The Probity Unit of the Supreme Court, with technical support from the USG, drafted a new Probity Law that was presented to the Legislative Assembly for discussion.

Goal 2 - The two governments set up effective models to improve efficiency and ensure access to justice in the criminal justice system. They established several victims’ assistance centers for victims of gender-based violence at prosecutors’ offices, including: a new play therapy center and crisis attention room in Ilobasco; a second play therapy center in Zacatecoluca; a full victims’ assistance center in San Miguel; and a play therapy center for child victims of trafficking at the San Salvador Trafficking Unit. Likewise a victims’ assistance center was established at the public defender’s office in Cojutepeque. Additionally, the USG supported the PNC in establishing three victims’ assistance centers at the police delegations of Chalchuapa, Cara Sucia and Jiquilisco. Two new specialized units designed to solve criminal cases through expedited procedures were established at the prosecutors’ office of Ilobasco and San Marcos. Separately, five joint investigative teams of police and prosecutors are now fully operational in Cabañas, San Miguel, Usulután, La Unión, and Morazán. Teams were trained together and co-located to improve police-prosecutor coordination and to decentralize enhanced investigative capacity outside of major metropolitan areas.

Goal 3: Reduce the impact of organized crime on small and medium businesses, potentially the most dynamic sector of the economy, whose contribution to growth is key to the economic well-being of El Salvador.	On Track
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In 2014, the Anti-Extortion Task Force secured 169 arrests making it the most effective of the units currently part of the Extortion Investigation Division. As a result, the PNC has authorized assigned personnel to remain in the Task Force for an extended period without transfer. As part of a wider information campaign, the U.S., working with the small business association CONAMYPES, distributed information at the International Business Fair to inform and advise small and medium businesses regarding extortion, including preventive measures they might implement and contact information for reporting extortions. At the fair, businessmen were able to consult directly with Anti Extortion Task Force personnel. One victim, who had received help from the Task Force, urged others businesses to report extortions as he had. Task Force personnel received extensive mission-related training in areas such as: wiretaps, specialized interview techniques, i2 Analyst Notebook, self-defense, undercover work and surveillance, money laundering, and crisis negotiation. The Anti-Extortion Task Force was able to utilize wiretap techniques, with the assistance of ICITAP and OPDAT, to launch significant extortion investigations involving various factions of the 18th Street gang. Both investigations established connections between active extortions and high-ranking gang leaders, including some currently in jail. Those investigations led to multiple arrests and the seizure of vehicles, weapons, and other property. Since May, the Task Force has secured the donation of computers, cameras, recorders, and an i2 Analyst Notebook license.

Goal 4: Facilitate economic growth by ensuring El Salvador’s labor force is protected from crime while transiting to and from work, and ensuring that the public transportation service providers serving the labor force are protected from crime.	On Track
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A specialized Taskforce for Investigation of Offenses on Public Transportation has been established and is functioning. Efforts to ensure long-term staffing of the Task Force are underway. During this period, 16 people were arrested in the act of committing crimes on public transport and 5 firearms were seized. Additional investigators and analysts were incorporated into the Task Force, and nearly all its staff were trained in USG-supported courses, such as: tools for criminal analysis, asset forfeiture, crisis negotiation, and self-defense. In a meeting with U.S. and GOES representatives, representatives of transportation firms from across the country were briefed on bilateral efforts to combat crimes affecting citizens who use public transportation. The meeting generated greater confidence and cooperation between the private sector and the GOES, and led to now regular meetings with different public transportation associations. The Vice-Ministry of Transportation’s (VMT) Transparency House, which was equipped with USG assistance, has fulfilled 97% of the 234 requests for information received. In October, with U.S. support, the internal procedures manual of the National Department of Transportation was

finalized, helping to eliminate opportunities for corruption and increase efficiency. During this period, 74 VMT employees have been trained on how to implement recommended changes.

Goal 5: Remove assets from criminal organizations and fund and support security programs through the use of seized property and assets.

Behind Schedule

The GOES is moving forward and has made progress in establishing the Asset Forfeiture (AF) program despite not meeting its own established deadline of June 2014 for creating a permanent AF Judicial Chamber by the Supreme Court, which is needed to execute the program. Failure to establish a permanent AF chamber by year's end represents a significant setback. The GOES did establish the AF administrative body (CONAB), as required in the law, and designated all required AF/CONAB committee members. The AG office has also established an AF section of investigators dedicated to the current 32 pending AF cases ready for prosecution. AF training to include judges, prosecutors, PNC, and other interlocutors has been steady and reached over 600 personnel to date.

Goal 6: Professionalize El Salvador's civil service and enhance public confidence in the government.

Behind Schedule

A draft bill proposing a new civil service law has been under review by the GOES for almost a year and has not yet been formally submitted to the Legislative Assembly. However, during this period, the USG and the GOES carried out awareness activities on civil service professionalization with the participation of the General Secretary of the Latin American Center of Administration for Development (CLAD). Training programs reached 959 participants from the private sector, public employees, media, columnists, and university students. With USG support, the Secretary for Transparency trained 33 institutions on records management dispositions to improve information management. Technical assistance was also provided to different GOES institutions on IT solutions to improve information availability in web-platforms. The USG also provided technical assistance to the Ministry of Economy for the creation of the first Transparency and Access to Information Department in the country. Since the Access to Public Information Law entered into effect, 34,290 requests for information have been received and 94.79% of those requests have been fulfilled with an average response rate of 6.2 days. During this reporting period, the "gobierno abierto" or open-government website, which contains 65,901 documents from 165 public institutions with mandatory information, reported 88,404 visits. Moreover, the "infoutil" or useful information website, which hosts 43 databases with relevant information for users of public services, reported 1,746,861 visits. Additionally, 98 GOES agencies carried out public accountability sessions during the period of June-November 2014. The Institute of Access to Public Information (IAIP) continues implementing the law with limited budgetary resources. The GOES has requested a 64% increase in the IAIP's budget for 2015. The USG has provided technical assistance to carry out hearings, provide IT solutions, and offer online and instructor-led trainings to public employees and civil society, among others. The IAIP carried out its first public accountability session in September and reported that since its creation, a total of 229 complaints have been registered, of those 150 (65%) were resolved, and sanctions of public employees in the amount of \$47,019.10 were imposed.

Goal 7: Promote a national dialogue on actions to improve citizen security in El Salvador. Actively involve all sectors of national life, including the private sector, the media, nongovernmental organizations, churches, etc., in efforts to solve the problem of insecurity.	On Track
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The USG and GOES continue promoting dialogue on citizen security in El Salvador, through press outreach, publication of articles on PFG and security themes, maintaining web pages in English and Spanish, and providing access to official PFG documents on activities under PFG’s security goals. The GOES and USG carried out six events with high-level participation to launch violence prevention projects, and a number of additional joint public events in the area of security were officiated by other GOES, municipal and Embassy representatives. These included the signing of an important public-private agreement between Microsoft and the Community Violence Prevention Program. The USG and GOES also carried out a training seminar for public affairs personnel in law enforcement institutions, with the aim of improving the quality and quantity of information provided to the public. The Ministry of Justice and Public Security continued to organize monthly fora on public security at the local (department) level. The President and Minister of Justice and Public Security continued to meet with various sectors of society to promote a national consensus on crime prevention and public security.

Goal 8: Assist at-risk youth between ages 16-25 through efforts to afford them economic opportunities and engage them in productive activities.	On Track
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The USG is working with the GOES to design a new program to increase access for at-risk youth to vocational education and improve the quality of formal education and professional formation systems. While the new program has not yet been launched, during this reporting period, vocational training activities in computer repair and maintenance were carried out benefiting 115 vulnerable youth and adults. This assistance included the delivery of municipal “tool kits” to participants from the municipalities of Ciudad Barrios, San Miguel; Sensuntepeque, Cabañas; Santiago Nonualco and San Luis La Herradura, La Paz; and Tacuba, Ahuachapán. Additionally, electrician training and tool kits were offered to 127 vulnerable youth and adults in the municipalities of Atiquizaya, Ahuachapán, Azacualpa, Chalatenango, Chalchuapa, Santa Ana, Ciudad Barrios, San Miguel, San Martín, and San Salvador. In addition, procurement is in process to contract trainers and materials to carry out additional vocational training in the municipalities of San Vicente, La Paz, Cojutepeque, and San Pedro Perulapán. It is expected that 760 youth will benefit from these new training activities.

Goal 9: Support the PNC to strengthen its service orientation as a means for violence prevention and effective crime control with a focus on building leadership skills within the police force and on improved relationships between police and communities.	On Track
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During this scorecard period, 27 additional PNC Officers were certified as Gang Resistance Education and Training (GREAT) instructors. More than 15,000 elementary and junior high school students from Santa Ana, Ahuachapán, Sonsonate, Lourdes, San Martín, and Usulután graduated from the GREAT program. Four high-level PNC officials participated in a USG-sponsored officer exchange/site visit to the Chicago Police Department to study the Chicago Violence Reduction Strategy, including management of the COMPSTAT program and targeted interventions to prevent cycles of gang-related violence. Forty PNC mid-to high-level officers were trained in the concepts and strategies of intelligence-led policing and 60 officers received training in a USG-sponsored Central American-focused community policing (CP) curriculum. The USG has agreed to partner with the PNC in creating seven new community policing sub-delegations in the San Salvador metropolitan area which serves approximately three million citizens. The USG also awarded a contract to an NGO to create a pool of 30 officers who will implement a PNC in-service training program focused on effective responses to gang violence that targets police. The 30 officers completed the Instructor Development Course in November which will be followed by seven additional tactical/operational curriculums. On July 14, the Chief of Police issued an administrative order to expand the community policing program to all territorial police units including specialized ones. This converts the program from a pilot initiative to a national policy. During the reporting period, the PNC, with support from the USG, began implementing the community policing model in five additional municipalities: Apopa, Suchitoto, Ilobasco, Cara Sucia, and San Luis la Herradura. Basic community policing training was completed in the new localities and follow-up and mentoring continued in those municipalities where community policing units had been established. Over 15,000 community members participated in the outreach programs linked to the implementation of the community policing model including: vocational training, forums, sporting events, and street fairs. To help measure future impact of the program’s implementation, baseline data on crime and levels of public trust in the police were measured in all five new municipalities. Follow-up public opinion surveys in established community policing localities and control communities were also conducted.

<p>Goal 10: Improve educational opportunities for in-school and out-of-school youth in targeted high risk municipalities with high crime rates. The USG is dedicated to supporting the Ministry of Education in implementation of their “Social Education Plan” and the GOES’ “Five Year Plan” by focusing efforts on the four areas of concern described in the plan.</p>	<p>On Track</p>
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The Ministry of Education continues to advance the Full Time Inclusive School (SI-EITP) approach. This model promotes community participation, inclusion, and creative learning methodologies, and integrates available resources in the community to enhance quality education. As a result of joint collaboration between the Ministry of Education, World Bank, USG and the Italian Cooperation, the model has been expanded to 1,620 schools in 62 municipalities. This joint effort has reached over 450,000 students, 14,000 teachers, and 1,600 principals. The GOES and the World Bank implemented an extensive orientation and training process for teachers to contribute to the expansion of the SI-EITP model. The GOES also signed a new agreement with the Millennium Challenge Corporation (MCC)/FOMILENIO, to expand the SI-EITP model to 360 schools in 45 integrated systems. The USG, through the Education for Children and Youth program, continues to work in 18 high-risk municipalities

providing service to 184,000 students in 410 schools, and to date has trained 1,264 teachers, 410 principals, and 201 MOE officers in new teaching methodologies and tools to implement the Si-EITP model. The USG expanded its crime prevention activities to promote safe schools that reached more than 62,300 students, and also expanded activities for over 3,700 out-of-school youth to encourage them to return to formal education. In addition, the USG donated 820 computers to 410 schools to strengthen skills in the use of technology and improve communication between schools. Under the "Adopt a School" program, to date over 45 new public-private partnerships have been established with USG support, training 2,841 teachers and 193 principals to improve the quality of education for 145,665 students in 150 schools.

<p>Goal 11: Prevent crime and violence in key municipalities of El Salvador and support reforms, as outlined on components 2 (Social Prevention of Violence and Crime) and 5 (Institutional and Legal Reform) of the National Policy for Justice, Public Safety and Violence Prevention.</p>	<p>On Track</p>
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During the reporting period, the GOES supported the establishment of 21 Municipal Prevention Committees (MPCs), provided 177 advisory and follow up sessions to community organizations on violence prevention reaching 22,674 individuals in different municipalities. Through the Strong Family Program, and in coordination with Courts for Minor Offenders, GOES worked with 13 families which had youth in conflict with the law benefiting the youth and 60 members of their families. The GOES implemented ten trainings on family coexistence benefitting 381 youth and adults and 55 trainings on promoting values benefitting 1,606 youth from different schools. As part of situational prevention programming, the GOES, in coordination with local governments, MPCs, the National Civilian Police, and schools, supported 58 municipalities with 650 street lamps. The USG assisted with the implementation of 13 Municipal Prevention Plans (MPPs) by opening a total of 77 Outreach Centers in an equal number of high-risk communities to provide about 20,000 children and youth a safer space to learn different skills and make positive use of their time. Also, the USG worked with the Ministry of Justice and Security's Office of Social Violence Prevention and Culture of Peace (PREPAZ) to complete municipal violence diagnostics in an additional 22 municipalities, created and strengthened 4 and 6 Municipal Crime Prevention Observatories respectively, and promoted the signing of the Declaration of the Year of Prevention by 14 mayors. A plan to enhance the capacity and ability of PREPAZ technical staff was developed. The USG-GOES jointly developed terms of reference to design and complete a National Five-year Prevention Plan. Three secondary prevention models, which include violence interruption, a family centered Youth Service Eligibility Tool (YSET), and alcohol and drug interventions, have been identified and will be piloted in six municipalities. A mental health trauma program for victims of violence began in San Rafael Hospital with 219 patients to date. A Youth Forum with the participation of 220 youth was carried out to identify barriers to youth civic participation. Six learning exchanges and training to promote social investment with 308 business leaders and business representatives were also implemented during the current period, and a study on corporate social responsibility was finalized and disseminated.

Goal 12: Reduce overcrowding in prisons, thereby allowing the Salvadoran prison system to safely, securely, and humanely manage an increasing population.	Behind Schedule
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In the reporting period, there has been no systemic implementation of a prisoner classification system and U.S. efforts to assist in the rehabilitation and classification of inmates have not been able to move forward. Prisoner classification systems allow for appropriate classification by crime, to include sentence calculation and possible sentence adjustment of existing inmates, which could reduce significant overcrowding throughout the prison system. Inmates are currently participating in the Yo Cambio program, however, application of provisions in the Penitentiary Law, allowing two days to be removed from a participants prison sentence for every day worked, have not been applied effectively. These changes in sentencing must be coordinated with judges charged with sentencing oversight of the prison system. Implementation of a classification system should improve with planned upgrades to prison facilities. The GOES signed a loan agreement focused on strengthening the prison system, which includes over \$71 million in financing from the Central American Bank for Economic Integration (BCIE) and a GOES contribution of over \$8 million. The loan would include construction of facilities, expansion of current prison “farms” (or minimum security facilities), and electronic control items such as ankle bracelets. However, regulations for the implementation of an electronic surveillance system still have not been approved by the Legislative Assembly.

Goal 13: Enhance the security of the prisons for their improvement as correctional facilities, prevent them from perpetuating and magnifying criminal activity in El Salvador, and help former offenders become full, contributing members of society.	Behind Schedule
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Efforts to secure El Salvador’s prisons have not advanced in the reporting period. Efforts to reinforce prison cells with cell-phone blockers for high-risk maximum security inmates have not had the desired effect and illicit activities continue from within the prison system. During previous reporting periods, the USG invested \$250,000.00 to reinforce 23 cells at Zacatecoluca prison in order to securely house El Salvador’s most violent and dangerous inmates. Cells were reinforced to end contact between the inmate and associates still committing crimes outside the prison and to eliminate the introduction of any type of contraband, particularly cell phones, which have been used to conduct illicit activities from within the prisons. Efforts must still be made to better utilize those high-security cells. During previous reporting periods, the USG purchased two inmate buses and six inmate transport vans for a total estimated cost of \$500,000.00. The intended use of these vehicles was to transport inmates to other prisons and to ensure secure transport to hospital visits, court hearings and other related movements. Efforts need to be made to ensure that the use of these vehicles remains exclusively as originally intended, for inmate transport. Reforms to the Telecommunications Law were presented to the Legislative Assembly on December 12, 2013, the purpose of which was to ensure that phone signals around prisons do not exceed the capacity levels defined by the Superintendence of Electricity and Telecommunications (SIGET). Recent raids at prisons have recovered hundreds of cell phones, laptop

computers, Bluetooth devices, chargers, batteries, weapons, drugs, and other communication devices used by inmates. Turning that evidence over to the Attorney General to develop prosecutions remains crucial.

Goal 14: Promote the use of extraditions as a deterrent for crime and a means to reinforce national security.	On Track
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On March 25 2014, Salvadoran citizen Francisco René Melgar Cabrera was extradited to the United States. In December, Juan Castillo Cruz will be extradited to the United States. Castillo Cruz represents the third extradition of a Salvadoran citizen to the U.S. in less than one year. Prior to this year, there had been only one extradition of a Salvadoran citizen to the United States since the signing of an Extradition Treaty in 1911. The USG has developed a draft standard procedure to help systemize the extradition process for both the USG and the GOES. However, for extradition to be an effective crime reduction tool in the long term, development of GOES procedures and strategies regarding the extradition process must be enhanced and further systematized. The appointment of a GOES point of contact for this goal is anticipated and will be vital to moving this goal forward.

Constraint 2: Low Productivity in the Tradables Sector

Goal 1: Facilitate the establishment of a Growth Council to promote an environment of trust and improve the business climate and investments in activities or sectors regarded as strategic.	On Track
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The Growth Council successfully transitioned from the Funes to the Sanchez Ceren administration, meeting for the first time in June 2014 under the new government. The Council added an eighth public-sector representative, maintained its seven private-sector counterparts, and remains supported by a Technical Panel composed of representatives from both sectors. Meeting on a weekly basis, the Council played a crucial role in advising President Sanchez Ceren over the course of the last six months to improve the investment climate, creating the environment for the successful signing of the \$277 million El Salvador investment Compact between MCC and the GOES. The Council was particularly helpful in promoting assets forfeiture and money laundering legislation designed to improve El Salvador’s rule of law. Moving forward, the Council will play an important role to support the passage of critical legislation addressing the business climate (such as pending judicial stability and electronic signature laws) as well to focus attention on national strategic projects (El Salvador’s international airport master plan and the port of La Union concession). The Council also plans on taking a more active role on crime and security issues. In the short term, the Council will help to ensure that the accountable entity for the El Salvador Investment Compact, FOMILENIO II, is set up in a transparent and professional manner. In addition, as

MCC funds begin to be spent, the Council will remain vigilant in ensuring that they are disbursed in the most efficient, effective, and fair manner possible, under the MCC oversight, for the best interests of the Salvadoran people. In the second quarter of 2014, the FUSADES private sector business climate perception survey continued to reveal a negative trend with 44.8 percent of respondents providing an unfavorable rating and only 7.2 percent favorable. El Salvador’s rank in the Doing Business Report dropped to 109 of 189 countries in the 2014-2015 report, down from 106 of 189 countries in the adjusted 2013-2014 report.

Goal 2: Reduce firms’ costs due to infrastructure to improve their competitiveness.	Behind Schedule
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CEPA and Aeroman, the Salvadoran aircraft repair, maintenance, and overhaul company, signed a contract for the enlargement of Aeroman capacity at the international airport (AIES), worth approximately \$120 million over the course of 10 years. In a joint effort with the United Nations, CEPA completed 65 percent of the \$55 million AIES modernization plan. The cargo terminal was remodeled, security cameras were purchased, primary and secondary radar procurements were started, and a repaving of the runway was started. CEPA also finalized the procurement of eleven new passenger boarding jetways. The departure lounge and food court renovations are underway as is the tender for remodeling immigration and customs areas, necessary to achieve compliance with international standards on transit passengers. Despite these actions, there has been no strategy communicated on how to execute and finance the AIES expansion in a form that is consistent with the USG-funded master plan. At the port of Acajutla, a new sewage treatment system was built and improvements to the pavement on the docks have started. In September, the international solicitation for the La Union Port concession was initiated with four pre-qualified companies, but the concession will not be completed in 2014 as originally anticipated. The contracts for 94 megawatts of solar photovoltaic renewable energy were issued to three companies for four projects, representing more than \$200 million in investments. The National Energy Council (CNE) initiated a biofuels project to study the feasibility of mixing ethanol with gasoline. USAID sponsored the exchange of technical experts with Colombia to share ideas and experiences on public-private partnerships as well as commissioned a study on El Salvador’s public-private partnership environment to examine the legislative and institutional changes necessary for success in this area. Investment in infrastructure as a percentage of GDP remains the same as reported in the previous Scorecard, at 6.07 percent. El Salvador’s ranking in the Global Competitive Infrastructure Index improved from 72 of 148 countries in the 2013-14 report to 57 of 144 countries in the 2014-15 report.

Goal 3: Improve the quality of the education system in order to create a more highly qualified and technologically skilled labor force. The Governments of El Salvador and the United States will join forces to help ensure that education of the labor supply matches labor market demand.	On Track
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In June 2014, the USG started implementation of the \$22 million, five-year Higher Education project. The purpose is to improve tertiary education and vocational programs to augment the productivity and competitiveness of private firms in priority sectors. The project addresses several lines of action for Goal Three: Improve higher education quality linked to tradables needs; innovation and technology developments in priority tradables sectors, and establish partnerships between industry and higher education institutions. The USG taught 615 students English as well as trained 302 English teachers. With USG support, 42 workshops and seminars on science and technology were organized. Fifty-two people were awarded scholarships to start or continue their studies in the United States. The GOES held 20 job fairs where 2,392 Salvadorans received employment offers. Another 7,807 Salvadorans received employment through the GOES job placement centers. In June, INSAFORP launched the National English for Work program to serve the needs of active workers and youth seeking their first job. To implement the program, 20 academies received accreditation and 250 teachers received certification to assist 8,000 students. In October, INSAFORP carried out the First National Professional Training Conference to address issues relating to the demand and supply of training as well as to identify new training needs. The 600 attendees included business associations, unions, and other labor-related organizations. In October, INSAFORP began updating their five competency-based professional development-training curricula. There was a positive change for El Salvador in the Global Competitiveness Index’s “Higher Education and Training” sub-index for 2014-2015, with a ranking of 94 out of 144, up from 100 out of 148 in 2013-2014. In the “Labor Market Efficiency” sub-index, El Salvador was ranked 125 out of 144 countries in 2014-2015, a drop from 121 out of 148 in 2013-2014.

<p>Goal 4: Raise (net) tax revenues to 16 percent of GDP by 2015 and use public resources efficiently and transparently. These goals are also included in the implementation of the fiscal pact, which is an integral part of the PQD priority areas, as defined by the Economic and Social Cabinet.</p>	<p>On Track</p>
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The Ministry of Finance (MOF) continues to improve the taxpayer databases to reduce tax evasion by implementing a web based services system to be used by the national banks. MOF also continues to develop the Case Selection Management System II audit module and cleanse the current account taxpayer registry system. To increase fiscal transparency, the MOF continues to develop the new fiscal transparency portal and pursue design of the National Financial Administration System II case usage. The case usage design of the treasury subsystem is 65 percent complete, the accounting subsystem is 55 percent complete, and the budget execution module is 35 percent complete. The improvement of legal and accounting procedures to establish a result oriented budget continues as planned, with the MOF supporting the implementation of International Public Sector Accounting Standards. This includes a review of the technical implementation plan, with USAID assistance, which calls for a Strength, Weaknesses, Opportunities, and Threats analysis, approval of the conceptual budget execution model, and recommendations to eliminate faulty budgetary practices. In addition, the MOF also implemented the treasury single account and launched the Public Procurement System II, which included the training of 340 government procurement officials. The percentage of net tax collected relative to GDP increased from 15.3 percent in the fourth quarter of 2013 to 15.5 percent in May 2014. There was no update in El Salvador’s score in the Open Budget Index which remains at 43 out of 100 ranked countries.

<p>Goal 5: Support a strategy for attracting and promoting FDI and making El Salvador a more attractive place for foreign investment. The measures described are aimed at streamlining the establishment of operations for potential investors and simultaneously focusing on scaling up efforts to promote and attract investments.</p>	<p>On Track</p>
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Following the April 2014 passage of new legislation that made PROESA an autonomous institution, William Granadino was appointed and sworn-in as PROESA Executive Director on June 24, 2014 and the selection of the Board of Directors is underway. As a result of the new legislation, PROESA now has a stronger mandate to support investment, exports, public-private partnerships (PPPs), and the “El Salvador brand.” President Sanchez Ceren designated Vice President Oscar Ortiz as Commissioner for Investment, signaling a new emphasis and strategy to attract investments. During the Scorecard period, El Salvador welcomed concrete investment announcements from new corporations such as OPP Films (Oben Holding Group) and Hyatt Hotels. Already active firms in El Salvador also announced important investments, including Kimberly Clark, Atento, and El Encanto. PROESA developed the national strategy and roadmap for the development of the offshore business services sector, which was publicly launched on October 7, 2014. The El Salvador Investment Compact between the GOES and MCC includes an activity to strengthen the general capacity of PROESA, MOF, and relevant regulators and line ministries to effectively develop and implement PPPs and to help the GOES bring 2-3 PPPs to market. A report on regulatory improvement mechanisms, conducted by FUSADES, was also completed to prepare the Regulatory Improvement Activity that will be financed through the El Salvador Investment Compact. The International Finance Corporation (IFC) signed an extension of the cooperation agreement and delivered technical reports to the GOES to address: 1) reforms to building permitting processes in San Salvador, 2) strengthening minority shareholder protections in the Salvadoran Commercial Code, and 3) comprehensive bankruptcy regulation. At the municipal level, the IFC began preparing a regional Doing Business report covering various cities including San Salvador, Santa Ana, San Miguel, and Soyapango. Foreign direct investment inflows as a percentage of GDP represented 0.2 percent from January to June 2014, a decrease from 0.6 percent in 2013. El Salvador’s ranking in the Future Brand’s Country Brand Index remains the same (107 of 118 countries in 2012-2013) as a new report has not been issued.

<p>Goal 6: Surmount low productivity of tradables by transforming factors of production of the tradables sector through the implementation of strategies to improve innovation and quality, and a focus on the international market.</p>	<p>On Track</p>
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The GOES launched the Salvadoran National Policy on Development, Diversification and Transformative Productivity, which identifies key industry and services sectors with comparative advantages. The Ministry of Economy’s Productive Development Fund (FONDEPRO) granted \$3.4 million in co-financing to 146 SMEs implementing 154 business initiatives. The USG supported FONDEPRO and PROESA in assisting 303 SMEs, which increased exports by \$10 million, or 9.5 percent for these firms, and

generated a total of 1,154 new jobs. With USG and GOES support, the network of 12 Small Business Development Centers (SBDCs) increased by 27 percent the number of SMEs assisted, reaching 6,465 businesses whose sales increased by 38 percent to \$22.5 million, generating 5,632 new jobs. The USG provided export assistance to another 673 SMEs, which increased those firms' cumulative sales by 50 percent to \$12.5 million, and generated 1,020 new jobs. Assistance included product innovation and development, access to new markets, agriculture and manufacturing best practices, traceability, labeling, and packaging. The USG, along with the Howard G. Buffett Foundation, launched a National Cacao Initiative to establish a value-chain that will support the planting, processing, marketing and exports of cacao by working with small farmers associations and international buyers. The USG, through the Inter-American Foundation (IAF), led a visit of Salvadoran, Honduran, Guatemalan, Haitian and Peruvian diaspora leaders from the United States to El Salvador to learn about diaspora investment in economic initiatives in Salvadoran communities. Participants exchanged best practices on partnering with organizations in communities of origin, fundraising, and project design. To promote binational business opportunities, the USG in collaboration with the Mississippi Development Authority organized a multi-industry trade mission to El Salvador. Seven companies, including the Mississippi Port Authority, joined the mission to explore business opportunities with Salvadoran companies. El Salvador ranked 37 of 144 countries in Business Sophistication in the 2014-2015 Global Competitiveness Index, an improvement of 23 positions since the previous publication. The number of export companies with sales over \$500,000 increased to 404 firms for January-August 2014, from 397 in 2013.